

Trade Policy in 2005: The United States and Korea

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Agenda

- Trade Policy in 2005
 - WTO and the Doha Round
 - Korea
 - United States
 - Korea and the United States
- An American View of Korea in Northeast Asia
 - A “SWOT” Analysis

WTO Doha Round: Looking Back

- November 2001: Doha Declaration
→ Hope is Born
- September 2003: Cancun Ministerial
→ Disaster Strikes
- July 2004: “July Package”
→ Hope Returns

WTO Doha Round: Looking Forward

- March/April: Service Sector Offers, Manufactured Goods Negotiations
- June 1-3: Jeju APEC Trade Ministerial
- November 18-19: Busan APEC Leaders' Meeting
- December 13-18: Hong Kong Ministerial Conference

WTO Doha Round: Key Questions

- Progress in NAMA/Services/Agriculture?
- Will NAMA beneficiaries make bold offers in services talks?
- Will progress continue on agricultural market access?
- For United States: Will we be able to convince Europe, Group of 20 to act?
- For Korea: Be a leader or a follower?

Korea: Trade Policy in 2005

- Likely to continue aggressive approach on Free Trade Agreements:
 - Conclude and ratify Singapore agreement
 - Significant progress on Japan agreement
 - Brick-laying on ASEAN and Canada
- “After Rice” → More Attention to Doha Round
- APEC: Opportunity for Leadership and Bilateral Breakthroughs with U.S., China

United States: Trade Policy in 2005

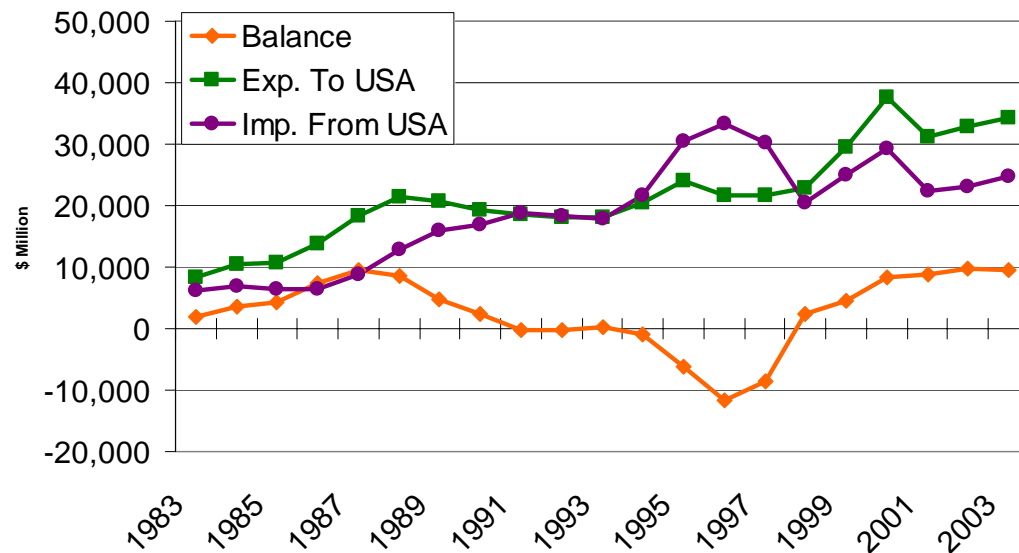
- Continue to actively pursue bilateral and multilateral FTA's
 - Concentration on the Americas
 - Concentration on the “Willing” – politically and in trade policy
- Push hard to make major progress in Doha Round, balanced across services and NAMA, but especially in agriculture

U.S. & Korea: 2005 is a Crucial Year

- Korea's hosting of APEC will increase bilateral dialogue and coordination, including on APEC
- U.S. will seek progress in trade areas of concern: agriculture, autos, telecom, intellectual property rights, pharmaceuticals
- Moment of Opportunity: Potential for a breakthrough to acceleration of improvement and deepening in bilateral trade ties

Korea Often Runs Trade Surplus with United States

Trade Between United States and Korea



Looking at Korea from the U.S.

- A strategic presence in Northeast Asia, economically as well as politically
 - An Open Economy
 - Committed to Democracy
 - Significant human and technological resources
 - Interested in regional integration
 - Interested in extra-regional anchors, in order not to drown as surrounded by giants
- A Natural Partner for the United States, even beyond meeting the North Korea threat

A “SWOT” Analysis

- **Strengths**

- Technology savvy
- Human resources
- Solid macroeconomics

- **Weaknesses**

- Labor-management ties
- Regulatory opacity
- Corporate governance

- **Opportunities**

- China and Japan proximity
- Relationship with U.S.
- APEC 2005

- **Threats**

- China and Japan proximity
- Lack of confidence
- Political paralysis/insularism

Conclusion

- Strengths are all permanent or long-lasting
- Weaknesses stem from short industrial development history
- 2005 will be a good year for minimizing threats and utilizing opportunities
- A chance for Korea to excel in trade policy, deepen its economic ties to the United States, and thereby become stronger in the region